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AGENDA ITEM #3598

WATER/SNR/MXK/ HJL:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4476
June 9, 2004**

RESOLUTION

**(RES. W- 4476), HILLVIEW WATER COMPANY (HWC). ORDER
AUTHORIZING A TEMPORARY SURCHARGE TO RECOVER
UNDERCOLLECTIONS IN ITS PURCHASED POWER AND WATER
TESTING COST BALANCING-TYPE MEMORANDUM ACCOUNTS,
PRODUCING AN ANNUAL INCREASE IN REVENUE OF \$64,225 OR
3.95% OVER 24 MONTHS.**

SUMMARY

By Supplemental Advice Letter No. 72-A, filed on April 16, 2004, HWC seeks revision of its tariff Schedule No. 1, Metered Service, to add a surcharge of \$0.111/Ccf (one Ccf is equal to 100 hundred cubic feet) over a 24-month period to provide an increase in total revenues of \$64,225 to recover undercollections in its purchased water and water-testing cost balancing account and purchased power and water testing cost balancing-type memorandum accounts accrued from November 29, 2001 to December 31, 2002. This increase is a result of increased costs for purchased power and water-testing costs occurring after HWC's then-present rates became effective. This resolution authorizes the requested increase. The increase will not result in a rate of return greater than that authorized for HWC.

BACKGROUND

HWC serves approximately 1,550-metered services in the communities of Coarsegold, Oakhurst, and Raymond in Madera County.

Commission Res. W-3466, dated September 7, 1989, directs HWC to maintain its balancing accounts as required by Public Utilities Code Section 792.5

HWC's present rate schedule, No. 1, Metered Service, became effective on February 20, 2004, pursuant to D.92-03-093, which authorized a Consumer Price Index increase in rates.

DISCUSSION

HWC proposes a temporary surcharge of \$0.111 Ccf for a 24-month period to recover the total undercollection balance in its purchased power and water testing costs balancing accounts. The Water Division has reviewed HWC's request along with its supporting workpapers and finds it to be reasonable. In view of this, it recommends authorization of the surcharge of \$0.111/Ccf for 24 months. Since the requested increase is caused by expenses directly related to water consumption, the surcharge is applied to water use. During the amortization period, the proposed surcharge will raise the typical residential customer's monthly bill (with a 3/4-inch meter and using 15.5 Ccf/mo.) by \$1.72 or 3.95%. The Water Division has reviewed the request with supporting workpapers submitted by HWC and finds it reasonable.

Service is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action. HWC's present rate of return on a recorded basis is 3.73% in 2002, and does not exceed its last authorized rate of return of 11.39%.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in Sierra Star newspaper of general circulation on December 12, 2003, as evidenced by a Proof of Publication provided to the Water Division by the utility. There were no protests concerning the proposed increase.

FINDINGS

1. HWC filed Advice Letter No. 72-A to recover net under-collections in its purchased power and water-testing balancing-type memorandum accounts as required in Res. W-3466, dated September 7, 1989.
2. Water Division has reviewed the advice letter and supporting workpapers and finds them reasonable.
3. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

4. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g)(3).

THEREFORE IT IS ORDERED THAT:

1. Hillview Water Company is authorized five days after the effective date herein, to make effective revised rate Schedule No. 1, Metered Service, attached to Advice Letter No. 72-A, and to concurrently cancel the presently effective rate Schedule No. 1.
2. Hillview Water Company is directed to keep maintaining its reserve accounts as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on June 9, 2004; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director